

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 04053 011523Z

53

ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 SPC-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03

H-03 PA-04 PRS-01 USIA-15 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 SWF-02

IO-14 DRC-01 /202 W

----- 039226

R 011511Z APR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9210

LIMITED OFFICIAL USE LONDON 04053

E.O. 11652: N/A

TAGS: ETRD, UK, US

SUBJECT: FROZEN ORANGE CONCENTRATE

REF: LONDON 3863

1. WHEN CHANCELLOR OF EXCHEQUER HEALEY ANNOUNCED, IN BUDGET SPEECH (REFTEL), THAT VALUE ADDED TAX AT STANDARD RATE OF 10 PERCENT WOULD BE APPLIED FROM APRIL 1 TO THE OLD PURCHASE TAX CATEGORY OF FOOD AND CONFECTIONARY ITEMS, IT WAS IMMEDIATELY APPARENT THAT WE WERE AGAIN FACED WITH THE OLD PROBLEM OF UK TAX ON FROZEN ORANGE CONCENTRATE. FOLLOWING MORNING (MARCH 27) WE GOT IN TOUCH WITH HM CUSTOMS AND EXCISE AND VERIFIED THAT NEW TAX WOULD INDEED APPLY TO FROZEN ORANGE CONCENTRATE. (DEPARTMENT WILL RECALL THAT WHEN VAT WAS INTRODUCED, PURCHASE TAX WAS ABOLISHED. CONSERVATIVE GOVERNMENT IN 1973 ZERO RATED FOR PURPOSES OF VAT THE CATEGORY OF ITEMS, THAT INCLUDES FROZEN ORANGE CONCENTRATES, WHICH HAD BEEN SUBJECT TO PURCHASE TAX AT 22

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 04053 011523Z

PERCENT.)

2. MARCH 28 WE SENT NOTE TO FOREIGN AND COMMONWEALTH OFFICE IN WHICH WE EMPHASIZED OUR VIEW THAT ORANGE JUICE IS A FOOD, NOT A CONFECTION, AND THEREFORE SHOULD NOT BE SUBJECTED TO VAT. WE ALSO POINTED OUT THAT TAX OF THIS KIND WOULD APPEAR TO BE AT VARIANCE WITH GOVERNMENT'S STATED POLICY IN FAVOR OF CHEAP FOOD. TEXT OF NOTE BEING TRANSMITTED SEPTEL.

3. IN MEETING WITH SIR MAX BROWN, SECRETARY, MINISTRY OF TRADE, MARCH 29, ECONCOMMIN RAISED MATTER OF YAT ON FROZEN ORANGE CONCENTRATE, EXPRESSED OUR CONCERN AT TAXATION ON THIS BASIC FOOD ITEM ANBZNOTED POTENTIAL ADVERSE EFFECTS ON US/UK TRADE.

4. WE HAVE BEEN IN CONTACT WITH BIRDSEYE UK, WHICH IS DISTRIBUTOR OF US FROZEN ORANGE CONCENTRATE, AND HAVE ENCOURAGED BIRDSEYEGO CAMPAIGN AGAINST THIS TAX. WE HAVE ALSO BEEN IN TOUCH WITH BEECHAM GROUP LTD., WHO ARE CONCERNED ABOUT THE EFFECT OF THIS TAX ON SURVS OF THE FRUIT LUCES THEY MANUFACTURE AND WHO HAVE BEGUN ACTIVE LOBBYING AGAINST THIS PROVISION OF THE BUDGET.

5. BY COINCIDENCE, ROBERT SALTZSTEIN, WASHINGTON ATTORNEY WHO REPRESENTS FLORIDA CITRUS GROWERS, WAS TRANSITING LONDON MORNING MARCH 27. SALTZSTEIN DELAYED ONWARD TRAVEL TO ASSIST IN DEVELOPING STRATEGY AIMED AT REMOVING TAX. WITH HELP OF BIRDSEYE UK, SALTZSTEIN ENLISTED ASSISTANCE OF GEOFFREY PATTIE, NEW CONSERVATIVE MP REPRESENTING DISTRICT WHERE BIRDSEYE UK HEADQUARTERED, WHO HAS UNDERTAKEN TO SUPPORT CASE. MORNING MARCH 28 EMBASSY OFFICER ACCOMPANIED SALTZSTEIN IN CALL ON R. W. RADFORD, CHAIRMAN OF BOARD OF HM CUSTOMS AND EXCISE, IN ORDER EXPLORE MEANS OF SECURING EXEMPTION FROZEN ORANGE CONCENTRATE FROM VAT.

6. IT IS UNLIKELY THAT THE NEW GOVERNMENT CAN BE PERSUADED TO EXEMPT ENTIRE TAX CATEGORY FROM 10 PER CENT VAT, AND OUR TACTIC, WITH WHICH SALTZSTEIN AGREES, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 04053 011523Z

IS TO SEEK TO HAVE FROZEN ORANGE CONCENTRATE AND ORANGE JUICE CLASSIFIED AS FOOD AND REMOVED FROM WHAT IS BASICALLY CONFECTIONARY TAX CLASSIFICATION. /WHILE OUR CHANCE OF SUCCESS IS QUESTIONABLE IN VIEW OF FACT THAT ANNOUNCEMENT HAS ALREADY BEEN MADE BY CHANCELLOR IN PARLIAMENT, WE WILL NEVERTHELESS PURSUE THE MATTER AT VARIOUS LEVELS IN HMG. WE ARE AWARE OF DOMESTIC INTERESTS THAT MAY BE GENERATED IN US IN THIS MATTER,

AND WE WILL ENSURE THAT EVERY REASONABLE EFFORT IS
MADE TO EXEMPT FROZEN ORANGE CONCENTRATE FROM THIS TAX.

7. ACTION SUGGESTED: WE SUGGEST DEPARTMENT EMPHASIZE
OUR CONCERN IN THIS MATTER WITH BRITISH EMBASSY,
WASHINGTON, IN PARTICULAR TO MINISTER OF COMMERCIAL
AFFAIRS CORTAZZI.

SOHM IX /

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CITRUS FRUITS, VALUE ADDED TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON04053
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740071-0969
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740478/aaaactjg.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LONDON 3863
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Jul-2001 by worrelsw>; APPROVED <31 JUL 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FROZEN ORANGE CONCENTRATE
TAGS: ETRD, UK, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005